

CONTROLLER JOHN CHIANG

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR07:037

FOR IMMEDIATE RELEASE:
AUGUST 14, 2007

CONTACT: HALLYE JORDAN
916-445-2636

Controller Issues Statement on Alcopops Vote

SACRAMENTO – State Controller and Board of Equalization member John Chiang today released the following statement on the Board of Equalization vote to classify flavored malt beverages as liquor rather than beer:

“Flavored malt beverages should be taxed as distilled spirits because they fall under the category of distilled spirits as written in California law.

“The Attorney General has found that beer is any alcoholic beverage obtained by fermentation, while distilled spirits are beverages that contain any amount, mixture or dilution of distilled spirits. This is where the argument over whether alcopops should be treated as liquor or beer begins and ends. Specifically, alcopops include alcohol from a distillation process as opposed to being solely from fermentation. That puts these alcoholic beverages in the distilled spirit category, rather than the beer category, especially as the BOE regulations would use the basic 0.5 percent alcohol content threshold as the governing standard for classification.

“While today’s vote is about fair taxation, taxing flavored malt beverages as liquor will also help reduce their popularity with young people by simply pricing the product out of their reach.

“Taxing alcopops as liquor doesn’t address all the impacts or the treatment of underage drinking, and there is more work to do. The State’s Department of Alcoholic Beverage Control should move to classify alcopops as distilled spirits to step up our enforcement against underage drinking and alcohol abuse.”

###